

## Message Text

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PAGE 01 TAIPEI 05039 200418Z

16

ACTION EB-11

INFO OCT-01 EA-11 ADP-00 H-03 L-03 CIAE-00 INR-10 NSAE-00

RSC-01 RSR-01 TRSE-00 /041 W  
----- 127652

R 200254Z AUG 73

FM AMEMBASSY TAIPEI  
TO SECSTATE WASHDC 9525  
INFO USDOC WASHDC

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E.O. 11652: NA  
TAGS: ETRD, TW  
SUBJECT: ROC EXPORT EMBARGO ON VINYL FILM

REF: A. STATE 160968  
B. TAIPEI 4727

1. AS MENTIONED PARA 2 REFTTEL (B), CLOPAY WAS NOT GRANTED GENERAL EXCEPTION TO EMBARGO BUT BOFT DID PERMIT THE RELEASE OF 80 TONS VINYL FILM (AS AGAINST MONTHLY REQUIREMENT OF 110 TONS) WHICH HAD ALREADY BEEN MANUFACTURED AND WAS AWAITING SHIPMENT.

2. CHARGE AND COMATT CALLED ON MINISTER OF ECONOMIC AFFAIRS ON AUGUST 16 AT WHICH TIME EMBARGO ON EXPORT OF VINYL FILM, AND ITS EFFECT ON CLOPAY, WAS DISCUSSED. MINISTER WAS SYMPATHETIC TO PLIGHT OF CLOPAY AND RECOGNIZED THE ADVERSE EFFECT THAT FAILURE TO DELIVER WOULD HAVE ON CLOPAY'S RELATIONS WITH THEIR CUSTOMERS. HE POINTED OUT THAT THE EMBARGO WAS IMPOSED WITH RELUCTANCE BUT WAS NECESSITATED BY THE NEED TO MEET URGENT REQUIREMENTS OF LOCAL CONSUMERS. HE ALSO NOTED THAT CLOPAY'S CHINESE SUPPLIER HAPPENS TO BE THE LARGEST PLASTICS FIRM ON TAIWAN AND WERE HIS MINISTRY TO GRANT AN EXCEPTION IT WOULD COME UNDER SEVERE CRITICISM FROM A MULTITUDE

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PAGE 02 TAIPEI 05039 200418Z

OF SMALLER PRODUCERS, ETC. FOR FAVORING THE LARGER

FIRM.

3. ALTHOUGH THE MINISTER DID NOT RELATE US EMBARGOES ON SOYBEANS AND STEEL SCRAP TO THE CLOPAY CASE, IT WAS CLEARLY IMPLIED THERE WAS SIMILARITY TO THE ROC REQUEST FOR EXCEPTIONS WHICH WERE DENIED. THIS POINT HAS ALSO BEEN MADE BY BOFT. OUR BARGAINING POSITION IS THUS RATHER WEAK.

4. EMBASSY HAS AGAIN DISCUSSED RAW MATERIAL SUPPLY SITUATION WITH THE INDUSTRIAL DEVELOPMENT BUREAU. DIRECTOR OF BUREAU STATED THAT SUPPLY SITUATION IS CRITICAL AND NOT LIKELY TO IMPROVE FOR A MINIMUM OF THREE MONTHS AFTER WHICH HE WOULD NOT HAZARD A GUESS. AS AGAINST A NORMAL MONTHLY REQUIREMENT OF 5,000 TONS, THE ROC RECEIVED ONLY 2,000 TONS IN JULY (LATE JULY) AND NONE THUS FAR IN AUGUST AND NONE IS EXPECTED DURING THE REMAINDER OF THE MONTH. WHILE JAPAN IS NORMAL SUPPLIER, ALL EFFORTS TO OBTAIN SUPPLIES FROM US AND EUROPE HAVE BEEN UNSUCCESSFUL.

5. CLOPAY IS ENDEAVORING TO CIRCUMVENT EMBARGO (WHICH DOES NOT APPLY TO MANUFACTURED ITEMS) BY HAVING A HEM ADDED TO THE 3 PLY FILM SHEET AND EXPORTING THE ITEM AS A CURTAIN RATHER THAN AS A WINDOW SHADE AS IN THE PAST. BONDED SHEET WILL BE TURNED OVER TO ANOTHER MANUFACTURER FOR HEMMING WHO WILL THEN EXPORT "CURTAIN" TO CLOPAY. LOCAL CLOPAY AREIS HOPEFUL THIS GUISE MAY WORK.

6. EMBASSY PERCEIVES NO REASON WHY AIDE-MEMOIRE SHOULD NOT BE SENT TO ROC EMBASSY BUT IN LIGHT OF DISCUSSION WITH MINISTER AND INDUSTRIAL BUREAU, WE WOULD NOT BE TOO OPTIMISTIC REGARDING RESULTS.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 AUG 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973TAIPEI05039  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** n/a  
**From:** TAIPEI  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1973/newtext/t19730826/aaaaater.tel  
**Line Count:** 96  
**Locator:** TEXT ON-LINE  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** A. STATE 160968  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 21 NOV 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <21-Nov-2001 by kelleyw0>; APPROVED <14-Dec-2001 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ROC EXPORT EMBARGO ON VINYL FILM  
**TAGS:** ETRD, TW  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005